

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
FEBRUARY 8, 2022
John "Doc" McIntosh Conference Room
Remote Option
7:00 P.M.

<https://berlinc-t-gov.zoom.us/j/84116092046?pwd=dW40VnpYM092aUICK116NUV1ekVRQT09>

Call-in Option: 1 929 205 6099 United States Toll
Meeting ID: 841 1609 2046
Passcode: 105016

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. PUBLIC COMMENTS

E. APPROVAL OF PRIOR MINUTES

January 6, 2022, Joint Meeting
January 11, 2022, Regular Meeting

F. NEW BUSINESS

1. Discuss VNA Strategy – VNA Director Barbara Vujs
2. Discuss Public Works Strategy – Public Works Director Mike Ahern
3. Move to appoint PKF O'Connor Davies as the Town's auditor for fiscal years ending June 30, 2022-24 in accordance with Section 7-14 of the Town Charter.
4. Move to transfer \$16,793.77 from the Chotkowski Properties Open Space account to the Open Space Acquisition account, both in the Land Acquisition & Development Fund, to pay for the Town's purchase of a one-acre parcel of land on Reservoir Road.
5. Finance Director update.

G. ADJOURNMENT

Join Zoom Meeting

<https://berlinct-gov.zoom.us/j/87541516417?pwd=cmU4d1preHJBb1lDdEhqOWNtVzRIQT09>

Meeting ID: 875 4151 6417

Passcode: 737333

+19292056099, (New York)

TOWN OF BERLIN
JOINT SPECIAL MEETING
TOWN COUNCIL/BOARD OF FINANCE/BOARD OF EDUCATION MEETING
Thursday, January 6, 2022
Senior Center
6:00 PM

A. CALL TO ORDER

Mayor Kaczynski called the meeting to order at 6:04 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL (Notation of which members are not present)

ATTENDANCE:

Mark Kaczynski – Mayor

Town Council Members Present: Jack Fazzino, Brendan Luddy, Charles Paonessa, Peter Rosso, Mike Urrunaga, Donna Veach (arrived at 6:09 p.m.)

Town Council Members Absent: None

Board of Finance Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, George Millerd
Gerald Paradis

Board of Finance Members Absent: Mark Holmes

Board of Education Members Present: Julia Dennis, Melissa Gibbons, Gina Nappi, Karri Sassu, Tracy Sisti, Matthew Tencza

Board of Education Members Absent: Timothy Oakes, Adam Salina, Jaymee Miller

Staff Present:

Arosha Jayawickrema – Town Manager

Brian Benigni – Superintendent of Schools

Kevin Delaney – Finance Director

Kate Wall – Town Clerk

D. AUDIENCE OF CITIZENS

None.

E. MEETING AGENDA – Immediately Following the Audience of Citizens

Mayor Kaczynski said the meeting agenda purpose is to have an open discussion prior to budget season on any important priorities, to share comments and to ask questions.

F. NEW BUSINESS:

- Town Council Priorities – Councilor Luddy said paying down debt obligations, pension debt and taking care of infrastructure, Councilor Paonessa said school HVAC projects are a priority. Councilor Veach said improvements, renovations, building senior housing, safety and education. Councilor Rosso said education, supporting First Responders, fiscal responsibility, stable tax rate, economic growth and enhanced quality of life for seniors and families are all priorities. Councilor Fazzino said infrastructure projects, supporting First Responders, new equipment for the Fire Department and high quality affordable education. Councilor Urrunaga said to continue executing contracts, to provide services, education and being fiscally sound.

Mayor Kaczynski added that Public Safety is a priority and the Police Department renovation will provide some additional space. The Fire Department has purchased 7 new trucks, including the two recently approved. Also, car theft and vehicle issues remain a concern and the state is looking into ways to maybe alleviate some of the problems towns are experiencing.

The Affordable Housing Survey is a new short-term project and the Affordable Housing Plan Advisory Committee is creating a plan for the state by June 1. It will go through the Housing Committee and get community comments. Berlin has been proactive with affordable housing and has a goal of at least 10% (currently at 9.23%) with several projects being added. The town is looking to build a new Senior Center and Community Center and has a designated Committee doing research, they will meet with Town Council. Also, the Knights of Columbus building will be demolished to make room for new senior housing and the Berlin Housing Authority is overseeing the project.

The Board of Education continues to receive support and gets about 60% of the town's budget. The school HVAC project is important due to COVID and air quality issues. There is American Rescue Plan Act (ARPA) money available if we decide to use a large portion of the money for that. Also, the Town of Berlin has made tax abatement policy changes to make the town more attractive and there were over 30 new business applications and ribbon cuttings this past year. The feedback response from new business owners was that Berlin Town Hall was very helpful in the process and they are appreciative of moving to town and

like our tax rate. We want to support these businesses, with \$85 million invested over the last 6 years and 750 jobs created.

The Town of Berlin will continue being fiscally responsible, paying down large bonded debt and being fair in our budgets. The plan is to not bond as much, but still get projects done, buying new police cars and fire trucks, funding the Board of Education, trying to get our Community/Senior Center project going and getting Senior Housing. Being fiscally responsible and keeping our tax rate down is where we can make a difference.

- BOF Priorities – Mr. Bordonaro said that the Board of Finance recommended having this meeting early in the process to identify priorities, challenges and meet guidelines. The town has significantly cut down its debt. The Board of Finance decided not to do any new bonding for this cycle. The Town is paying \$8 to \$9 million a year in debt service and outstanding debt will be down to about \$73 million by end of this year. Surplus budgets allowed funding for new fire trucks, police cruisers and school projects. The Board of Finance hopes to have a surplus again this year. The HVAC school projects can be paid with ARPA fund money if we agree that is how to best spend the money. Capital expenditure is limited and we'd like to get to the point of budgeting capital expenditure. The pandemic and inflation are both issues and the Board of Finance would like to see a zero tax increase three years in a row. Mr. Paradis said the Board of Finance wants to hear everyone's priorities and find the best way to fund them. The big areas are debt issuance and pension funding. The Town of Berlin is down to \$1.8 million in unfunded liabilities. Once the debt is paid off, it will free up money. Mr. Grady said that we have to control our budget and everything is costing more with inflation. The Town of Berlin should hold the line another year on tax increases. Mr. Fernandes said that we need to live within our means and reduce debt because we are all in this together. Mr. Millerd said to look at the budget from a 2, 3, or 5 year view point and to have an improvement perspective that costs will go down if we entertain this now, looking at what it will do to future expenditures.
- BOE Priorities – Ms. Dennis said that a school tour would be beneficial to show the Board of Finance what current capital needs are now and start talking about the future 5 and 10 year plan. The goal is to maintain what we have by fulfilling contractual obligations. This year has been challenging with high turn-over rates and student learning loss. The goal is to maintain current staffing to assist with learning recovery. The Board of Education is coming in with a very lean budget and have no new staff positions added, except for one security position. Ms. Sisti added that test results show what the effects of staying home have had on children's learning. The goal is to maintain what we have without a tax increase. Mr. Tencza said being fiscally responsible and providing a quality education for students is a priority. Dr. Sassu added that maintaining high quality education is important because it's beneficial to everyone. People look at the quality of the school system when moving to town and that has a direct impact on real estate.

Mr. Millerd asked if there any additional COVID funds available from the state or federal government to help the schools bridge learning gaps. Superintendent Benigni said he is not aware of any at this time. Ms. Veach added there is a possibility, no promises, but she will look into it and pass along any information.

- Town Manager Priorities – Town Manager Jayawickrema said it is critical to look at a 5 year horizon at least when approving the budget. Looking at the big picture will help everyone. Next year, it would be helpful doing this process in the Fall as we receive budget requests from departments and set the framework and parameters.

COVID-19, gave us an opportunity to look at things differently and invest in technology. My plan for the next 5 years is to create a virtual Town Hall and enable technology. It helps our residents if they can go online for licenses. Other priorities include contractual obligations, collective bargaining, dealing with price increases for gas, sand, salt, parts for the garage, etc.

The Town of Berlin is asking for 3 staffing positions this year: HR Director for the Town of Berlin, Superintendent of Facilities, Assistant Planner. The Police Department is also requesting 3 positions: 2 Police Officers and 1 Dispatch position.

Finance Director Delaney came up with a capital plan for what the town needs for the next 10 years. The goal is to put debt surplus back into a capital budget. The VNA has been a topic and we've done some restructuring there, using a 3rd party consultant for advice. Timberlin Golf Course has room for improvement. The goal is to keep Timberlin Golf operations off the mill rate.

Superintendent Benigni added that a 3% increase in the budget puts us right in the middle for technology and infrastructure. The Board of Education will do our best to come up with a workable number for the town. Education received with Zoom is an improvement vs. most other towns. Mayor Kaczynski added that completing the high school ductwork project was a huge milestone.

- Discussion of ARP Funds – Finance Director Delaney said with the Covid fund there was money directed specifically for municipalities. There were 4 broad purposes for this money: to respond to the public health emergency, directly responding to things impacted, responding to workers performing essential work by providing premium pay (provide premium pay to compensate for lost revenue) and to make necessary investments in water, sewer, broadband. The federal government has given the money to the towns, 50% in June 2021 and the second 50% arrives in June 2022. There is no advance request, or approval needed to use the money, but it must be spent based on these parameters and there will be an audit afterwards. The town's portion between the two payments is \$6,048,046.15. We've already received the first half, 3 million plus, and \$700k of that money was included in the FY 22 budget to be used for lost revenue. The Town of Berlin was audited to confirm the lost revenue numbers and it was actually more than that amount. That leaves \$5,348,046.16 to be used. There is a variety of things that it can be used on including water and sewer projects, subsequent payments to municipal employees and even grants to supermarkets and restaurants. The HVAC project for the 3 elementary schools has been on the docket for a long time. Willard planning is far along and ready to go back to the Council. There is an opportunity to appropriate \$5.3 million towards that project. Initially it was projected to be \$2.5 – \$3 million per school (before inflation). It would be an estimated \$9 million project

to do all 3 elementary schools and its highly likely going to be more than that, but the ARPA funding would be able to fund Willard and give everyone the opportunity to learn what it's really going to cost and what it's really going to take to do the overall project.

Ms. Dennis asked in regards to the premium pay and the money that is available, has there been any consideration about the teachers, school custodians and school staff maybe getting some sort of additional bonus, or giving everyone a day off. Mayor Kaczynski said its certainly up for discussion. Finance Director Delaney said the final rule from the Treasury says that childcare workers, educators and other school staff do qualify as eligible workers. It is eligible under the rule, but there is a stipulation that premium pay cannot increase a workers total pay by 150 % or regional pay, or over \$98k.

Mr. Paradis said the Town of Berlin would get more bang for the buck from using the funds on the HVAC project because it's something that we would otherwise have to bond and put into the mill rate. It clearly falls into the regulations that we are concerned with and because these funds could help us out from a bonding perspective, it makes the most sense to go in that direction. Mr. Grady added that by not bonding, it's going to benefit everyone in town by keeping taxes down.

Ms. Dennis said that people who were recently laid off had received higher than normal unemployment benefits and many chose not to go back to work. It might be best to take these funds and do something that is going to support the whole entire town. Because it could cause controversy later by supporting the restaurant workers because they lost money, yet their unemployment pay was significantly higher.

Mayor Kaczynski said the COVID money is interesting and we will figure it out. The students have suffered so much and now test scores have shown that. Berlin has been lucky getting through the pandemic so far and we are doing well under the circumstances. Ms. Veach added that session start in February and because testing shows that learning has diminished over the year, she is hoping the state will address it. Superintendent Benigni said he will send Ms. Veach the test results graph that was discussed.

Mr. Grady added that our Town Charter states the Board of Finance is supposed to take direction from the Town Council on how to set the mill rate and requested direction on what each Councilor wants to do as far as setting the mill rate.

Mr. Bordonaro said he agrees with starting the budget process in September to set ground rules early and make adjustments. Mr. Fernandes said we want to stave off a tax increase this year, but in the next few years there could be interest rate hikes and inflation. Mr. Paradis added that we are mindful of more than just the current year and have different debt planning, pension planning, etc. Everyone wants to keep the mill rate as low as possible and advised getting some numbers first. Once the numbers come out, the Board of Finance will hear from everybody and everyone is impacted differently. The goal is to keep communication open. Mayor Kaczynski added that the plan is to pay down debt, \$9 million a year, and as that goes down, money becomes available for other projects. Economic

Development will bring in tax dollars. There is a long term plan to keep taxes low and have revenue to fund everything.

G. ADJOURNMENT

Mayor Kaczynski motioned to adjourn at 7:32 p.m.

Seconded by Mr. Bordonaro.

Submitted by:

Alina Brown

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
JANUARY 11, 2022
John "Doc" McIntosh Conference Room
Remote Option
7:00 P.M.

<https://berlinct-gov.zoom.us/j/88403597861?pwd=WIRSMUJ6S1VUb1BsUThqUININWErZz09>

Call-in Option: 1 929 205 6099 United States Toll
Meeting ID: 884 0359 7861
Passcode: 068228

A. CALL TO ORDER

Director Delaney called the meeting to order at 6:59 p.m

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

ATTENDANCE:

Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, Mark Holmes, George Millerd, Gerald Paradis

Staff Present:

Arosha Jayawickrema – Town Manager
Matthew McNally – Chief of Police
Chris Ciuci – Deputy Chief
Kevin Delaney – Finance Director
Doug Solek – Facilities Director

D. PUBLIC COMMENTS

None.

E. APPROVAL OF PRIOR MINUTES

December 14, 2021, Regular Meeting

Mr. Grady moved to approve the December 14, 2021, Regular Meeting minutes.

Seconded by Mr. Holmes.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Paradis.

Vote being: 5-0-1. (MOTION CARRIED) Mr. Millerd abstained, as he was not at the December 14, 2021 meeting.

F. NEW BUSINESS

1. Discuss Police Department Strategy – Chief McNally

Chief of Police McNally said the Police Department has 9 Dispatchers - 1 who is identified and paid as the Administrative Dispatcher. The Police Commission plans to create a Dispatch Supervisor position in charge of communications, reporting to the Support Services Manager and add a 10th dispatcher position. The Police Department has 42 Police Officer positions, 38 are actively working (1 planning to start Academy, 2 currently in Academy and 1 out with an injury). The goal is to increase manpower and the Town of Berlin needs to look about one year out when hiring a Police Officer as it takes a few months for the hiring process, 6 months in the Academy and 13 weeks in a FTO Program to become a Police Officer. Also, they must pass all of the testing. Retirement, a climbing attrition rate, and a new policy accountability law are other factors to consider. Chief of Police McNally said the Police Commission is looking to add 2 new patrol division positions (bringing the department total to 44 sworn officers) in 2023 for optimum patrol coverage and to provide back-up coverage. Mr. Grady asked about new police cruiser assignments, the Police Commission wants patrol cars out for patrol and that is the plan going forward. Also, it is important to consider that getting new police patrol cars is taking longer these days, about 18 months from order date.

2. Move to approve the new Superintendent of Facilities position which will be shared between Departments 38 (Town) and 61 (Board of Education).

Mr. Paradis moved to approve the new Superintendent of Facilities position which will be shared between Departments 38 (Town) and 61 (Board of Education).

Seconded by Mr. Fernandes.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis.

Vote being: 6-0 (MOTION CARRIED)

Mr. Holmes asked how this new position is going to work. Finance Director Delaney said the Town of Berlin needs someone else to support the facilities in town. Facilities Director Solek is responsible for everything including carpentry, hardware, access control, surveillance, audio visual, electrical, communications, HVAC, roofing, masonry, etc. Town Manager Jayawickrema said the work is unmanageable for one person and the Town of Berlin has 36 buildings to maintain. The Superintendent position will report to the Facilities Director.

Director of Facilities Solek added that he is the first point of contact to get the project in the queue and works with the lead Custodians of each school. The department assigns and manages the workorder. Other departments already have this type of organizational structure in place and this new position will be beneficial to everyone.

Mr. Bordonaro asked to clarify the Custodial Operations role. Director of Facilities Solek said the Custodial Operation position manages all of the Custodians, the technology portion, school security and IT technicians. The Town of Berlin has 5 Custodians, plus 9 trade work positions for mechanical and technical work needed. Director of Facilities Solek manages the best use of their time and determines critical priorities.

3. Move to approve transfers of \$26,120 from Electricity to Electricity – Lighting Control Upgrades, both in the Schools Department General Fund budget, to pay for debt service payments related to the BHS lighting upgrade project.

Mr. Paradis moved to approve transfers of \$26,120 from Electricity to Electricity – Lighting Control Upgrades, both in the Schools Department General Fund budget, to pay for debt service payments related to the BHS lighting upgrade project.

Seconded by Mr. Holmes.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis.

Vote being: 6-0 (MOTION CARRIED)

4. Move to appropriate \$539.00 from the Sale of Land, Labor, & Materials Revenue Account to the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Mr. Paradis moved to appropriate \$539.00 from the Sale of Land, Labor, & Materials Revenue Account to the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Seconded by Mr. Millerd.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis.

Vote being: 6-0 (MOTION CARRIED)

5. Move to appropriate \$6,029.30 from the Sale of Land, Labor, & Materials Revenue Account to the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Mr. Paradis moved to appropriate \$6,029.30 from the Sale of Land, Labor, & Materials Revenue Account to the Contractual Services & Projects Account in the Capital Nonrecurring Fund.

Seconded by Mr. Bordonaro.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis.

Vote being: 6-0 (MOTION CARRIED)

1. Finance Director update.

Finance Director Delaney said the Town of Berlin received a letter from the auditors with recommendations and an outline. A conference call was scheduled to go over the findings. Also, the audit RFP will close on January 20.

The auditor, CohnReznick, was hired by OPM and the COVID reporting requirements portal is being updated for the auditor's needs. No issues to report as of yet. The response from the Board of Education was provided to the Board of Finance.

Revenue to budget is solid. There was \$700k moved to the general fund after PKF reviewed and approved. Tax collections remain strong and many paid early in December. The storm related budget has \$118k remaining. The pension fund has one inactive members that are vested, but not employed. The Town of Berlin is planning to do classroom storage cubbies at Willard and rooftop units at McGee Middle School. Rooftop is under FM 22. Cubby bids are coming in this week and work might be done during April break, waiting on parts and pieces for lighting work.

Mr. Grady said the HVAC work was a good thing. Mr. Bordonaro said VNA revenue however is not so good. A group meeting with Town Council and the consultant can be scheduled to provide details about the report and to ask questions. Town Manager Jayawickrema said that the Town of Berlin VNA currently loses about \$900k annually and plans to get that down between \$700k and \$500k, but still room for improvement. The VNA needs to establish end dates in service. Mr. Grady added the Town of Berlin VNA competes with private companies. Finance Director Delaney is adding the Director of the VNA to the next meeting per Mr. Bordonaro's request.

G. ADJOURNMENT

Mr. Bordonaro moved to adjourn at 8:02 p.m.

Seconded by Mr. Grady.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Millerd, Mr. Paradis

Vote being 6-0. MOTION CARRIED

Submitted by,
Alina Brown

Received on 1/13/2022
at 3:25:47 PM by Town Clerk
Kathryn J Wall

Agenda Item No. F-3
Request for Board of Finance Action

TO: The Board of Finance

FROM: Arosha Jayawickrema, Town Manager

DATE: January 24, 2022

SUBJECT: Appointment of PKF O'Connor Davies as Financial Auditor for FY22-24

Summary of Agenda Item:

On December 16, 2021, the Town issued an RFP for audit services covering FY22-24. Bids were due and opened on January 20, 2022. The Town received two bids – PKF O'Connor Davies and Marcum. Both firms met the professional criteria. Attached are the financial bids submitted by both firms. Based on the financial bids submitted, the Finance Department is recommending the appointment of PKF O'Connor Davies as the Town's auditor for FY22-24 since they were the lowest, qualified bidder.

Action Needed:

Move to appoint PKF O'Connor Davies as the Town's auditor for fiscal years ending June 30, 2022-24 in accordance with Section 7-14 of the Town Charter.

Attachments:

Bid Results

Prepared By:

Kevin Delaney, Finance Director

TOWN OF BERLIN - Audit Services # 2022-13
 Bid Opening
 January 20, 2022 - 2:00 p.m.

PKF O'Connor Davies Marcum

Description	2022	2023	2024	2022	2023	2024
Annual Comprehensive Financial Report Audit	\$ 40,600.00	\$ 41,800.00	\$ 43,100.00	\$ 57,500.00	\$ 58,500.00	\$ 59,500.00
Federal & State Single Audit	\$ 14,000.00	\$ 14,400.00	\$ 14,800.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
EFS Agreed Upon Procedures	\$ 8,000.00	\$ 8,200.00	\$ 8,400.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
TOTAL	\$ 62,600.00	\$ 64,400.00	\$ 66,300.00	\$ 76,500.00	\$ 77,500.00	\$ 78,500.00
Hourly Partner Rate	\$		350.00	\$		225.00
Hourly Manager Rate	\$		250.00	\$		150.00
Hourly Staff Rate	\$		125.00	\$		110.00
Hourly Senior Accountant Rate	\$		175.00		N/A	
Hourly Administrative Support	\$		75.00		N/A	
Other		N/A		\$		75.00

Agenda Item No. F-4
Request for Board of Finance Action

TO: **The Board of Finance**

FROM: **Arosha Jayawickrema, Town Manager**

DATE: **January 24, 2022**

SUBJECT: **Transfer to Fund Open Space Acquisition on Reservoir Road**

Summary of Agenda Item:

At the January 18, 2022, Town Council meeting, the Council authorized the Town Manager to enter into a purchase agreement with Roger Svensk for the acquisition of a one-acre property on Reservoir Road, subject to review and approval of Corporation Counsel. To fund this acquisition, a transfer of \$16,793.77 from the Chotkowski Properties Open Space account (516.25.2545.0.54000.01621) to the Open Space Acquisition account (516.25.2545.0.54000.01602), both in the Land Acquisition & Development Fund is requested. The Chotkowski funds remain from the completed purchase of the property several years ago, and this transaction is consistent with the original intended use of the funds which was to purchase open space.

Action Needed:

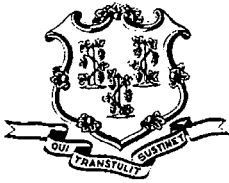
Move to transfer \$16,793.77 from the Chotkowski Properties Open Space account to the Open Space Acquisition account, both in the Land Acquisition & Development Fund, to pay for the Town's purchase of a one-acre parcel of land on Reservoir Road.

Attachments:

None

Prepared By:

Kevin Delaney, Finance Director



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

Intergovernmental Policy and Planning Division

January 17, 2022

To: Chief Executive Officers
Chief Financial Officers

From: Martin L. Heft, Undersecretary

RE: Municipal Revenue Sharing Account Grants

Public Act 21-2 JSS Section 448 outlines how Municipal Revenue Sharing Account (MRSA) funds shall be distributed to municipalities in the current biennium. The Act overrides the current distribution process for fiscal years ending June 30, 2022 and June 30, 2023.

The act significantly alters the funding sources, allocations and timing of payments of the Motor Vehicle Property Tax Grant (Municipal Transition), Payment in Lieu of Taxes (PILOT), General Fund transfer and Municipal Revenue Sharing Grants.

The act requires the Office of Policy and Management to pay the Municipal Revenue Sharing Grant in each fiscal year after all commitments and accruals are satisfied. Based upon our estimates after all obligations have been met, no payments will be possible during the biennium. Shall revenues exceed our estimates, grants will be re-evaluated.

Overview of commitments:

Municipal Transition	Paid August 1, 2021
PILOT payments	Paid September 30, 2021
General Fund transfer	\$262.7 million FY 22
	\$276.3 million FY 23
Municipal Revenue Sharing Grants	anticipated FY 23

Public Act 21-2 JSS Section 448

Sec. 448. (Effective July 1, 2021) (a) Notwithstanding the provisions of 4-66l of the general statutes, for the fiscal years ending June 30, 2022, and June 30, 2023:

(1) Payments for the motor vehicle property tax grants shall be made in accordance with the provisions of subsection (c) of section 4-66l of the general statutes and from the funds appropriated for said fiscal years for such purpose; and

(2) Payments for the grants payable under said section pursuant to subsection (d) of section 12-18b, subdivisions (1) and (3) of subsection (e) of section 12-18b, subsection (b) of section 12-19b and subsections (b) and (c) of section 12-20b of the general statutes shall be made from the funds appropriated for said fiscal years for such purpose and the remaining balance due for such grants shall be made from the municipal revenue sharing account established under section 4-66l of the general statutes.

(b) (1) After the payment of the remaining balance, as set forth in subdivision (2) of subsection (a) of this section, has been made from the municipal revenue sharing account for each said fiscal year, the following amounts shall be transferred from the resources of said account to the General Fund: (A) For the fiscal year ending June 30, 2022, two hundred sixty-two million seven hundred thousand dollars; and (B) for the fiscal year ending June 30, 2023, two hundred seventy-six million three hundred thousand dollars.

(2) Moneys remaining in the municipal revenue sharing account for said fiscal years after all payments are made under this section shall be expended for the municipal revenue sharing grants under section 4-66l of the general statutes.

Kevin Delaney

From: Sandra Amado <SAmado@CCM-CT.ORG> on behalf of CCM Public Policy and Advocacy <CPolicyandAdvocacy@CCM-CT.ORG>
Sent: Thursday, January 27, 2022 2:03 PM
Subject: Clarification - OPM's Letter Regarding Municipal Revenue Sharing Grant

Dear Municipal Leader:

This correspondence serves to provide clarity to a letter dated January 17, 2022, from the Office of Policy and Management (OPM) Undersecretary Martin Heft, which stated that due to the lack of funds in the Municipal Revenue Sharing Account (MRSA), the State would not be making payments through the Municipal Revenue Sharing Grant. The Municipal Revenue Sharing Grant is not an appropriated grant as it is based solely on sales tax revenue and it fluctuates on an annual basis. OPM had estimated that the Municipal Revenue Sharing Grant would have been \$22.6M in FY 22 and \$54.7M for FY 23.

Based on changes made in the June Special Session, [Public Act 21-2](#), the Municipal Revenue Sharing Grant, which is a fund within the MRSA account, is to be funded by the excess portion of the .05% sales tax intercept used to fund the Municipal Revenue Sharing Account (MRSA) after payments are made to towns and cities to fulfill budgeted allocations such as PILOT, Tiered PILOT, Municipal Transition Grant, Car Tax reimbursements, etc. The changes made to MRSA in PA 21-2 are in effect for FY 22 and FY 23.

Only sales tax revenue received between July 1 and December 31, 2021, was available for the January payments under the Municipal Revenue Sharing Grant. At this time, all revenue in MRSA has been allocated and thus there is no excess monies available to make a Municipal Revenue Sharing Grant payment. Based on recent sales tax revenue estimates for the second half of the fiscal year, OPM is projecting that there will not be any excess money to fund the Municipal Revenue Sharing Grant for FY 22.

It is important to note that CCM did not include this item in our summary of municipal aid that was included in the previously adopted budget and OPM did not release estimates on this potential revenue until July 2021, after most, if not all municipalities had already adopted their budgets.

- **Due to the experience of not receiving funds from the Municipal Revenue Sharing Grant in FY 22, CCM strongly recommends to municipal CEOs, Boards of Finance and Finance Directors not to include the Municipal Revenue Sharing Grant funding in your FY 23 operational budgets as your town or city goes through its budget development process.**

If you have any questions or need further clarification regarding the MRSA and OPM's letter, please contact [Randy Collins](#), Advocacy Manager at CCM at 860-707-6446.



Town of Berlin
Financial Status Report
Board of Finance Meeting of February 8, 2022

F-5

GENERAL FUND

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Notes</u>	
<i>(budgeted amount excludes assigned fund balance)</i>				
Receipts				
Actual Receipts	\$83,210,752	\$82,954,217	FY22 revenue increase assumed \$1.2 million from the accepted BHS renovate as new project. This amount has not been recorded yet.	
Budgeted Receipts	\$93,474,047	\$91,050,922		
% to Budget	89.0%	91.1%		
Current Year Tax Receipts <i>(as of January 31)</i>	\$75,234,837	\$75,554,690		
Current Tax Budget	\$79,861,907	\$78,789,139		
Current Tax Levy <i>(99.3%/99.3% collection rates)</i>	\$80,424,881	\$79,504,681		
% to Current Budget	94.2%	95.9%		
% to Current Levy	93.5%	95.0%		
Adopted budget target %	99.3%	99.3%		
Expenditures <i>(excludes capital expenditures)</i>				
Actual Expenditures	\$62,132,857	\$53,590,949	FY22 includes \$5,310,640 non-budgeted pension appropriation/expenditure from unassigned fund balance and \$2,200,000 non-budgeted appropriation for the purchase of two (2) new fire vehicles	
Budgeted Expenditures	\$101,099,687	\$93,491,644		
% to Budget	61.5%	57.3%		
	<u>Actual</u>	<u>Encumbered</u>	<u>Budget</u>	<u>Var to Budget</u>
Storm-related Overtime (51445)	\$44,049	\$0	\$141,738	\$97,690
Electricity (53102)	\$689,671	\$676,287	\$1,487,760	\$121,803
Refuse Disposal (53823)	\$932,028	\$909,194	\$1,917,967	\$76,745
Legal (53828)	\$180,350	\$119,650	\$300,000	\$0
Tax Refunds (53924)	\$174,498	\$0	\$215,000	\$40,502

	<u>Target Floor Fd Bal.</u>	<u>Actual Fund Bal.</u>	<u>Notes</u>
<u>INSURANCE FUNDS</u>			
Health Insurance Fund	\$2,302,598	\$2,456,985	The Health Insurance Fund balance is 26.7% of full year projected expenses - against a target reserve of 25%. Although the fund balance is below the floor, the cash balance is \$2,892,494.
General Insurance Fund	\$1,000,000	\$1,718,265	The fund is used to pay Liability & Worker's Compensation insurance premiums for both the Town and BOE, on-going heart & hypertension claims from police officers, widow/widower heart & hypertension claims, "fronting" reimbursable environmental remediation costs, small equipment claims where Town elects to self-insure and deductibles. Town policy is a \$1 million floor and ceiling at 5% of General Fund budget (or \$4,697,952 for FY22). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims.
TOTAL INSURANCE FUNDS	<u>\$3,302,598</u>	<u>\$4,175,250</u>	

PENSION FUND

Notes

Total Liability (as of 7/1/2021) <i>(actuarial valuation liability was adjusted to remove FY21/FY22 retiree payouts)</i>	\$8,032,875	The Town of Berlin Retirement Income (Defined Benefit) Plan was amended for the last time effective July 1, 2000. As a result of this final amendment no new Town employees (excludes BOE employees covered by the Teacher's Retirement Fund) were eligible to participate in the plan. As part of the amendment, participants in the DB Plan have the option to be paid out with an annuity or a lump sum. In recent years, all retiring participants have elected the lump sum payout.
Cash Balances:		
Prudential (as of 1/31/2022)	\$3,297,445	
ICMA Plus (as of 1/31/2022)	<u>\$2,955,860</u> <u>\$6,253,305</u>	
		Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 5 active participants, 1 inactive but eligible participant and 15 annuitants.
Funding % - Total	77.8%	
Funding % - DB	41.0%	
Unfunded Liability	(\$1,779,570)	<u>Anticipated retirements:</u> FY22: 5 active participants remain and all are eligible to retire. Annual annuity payments & total monthly fees: \$185,000

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ACTIVE CAPITAL PROJECTS

	<u>% Complete*</u>	<u>Project Balance**</u>	<u>Notes</u>
4-Bridge Rehabilitation	84%	\$0	Closeout work continues. Invoicing trails actual construction, so the construction % complete is higher than the amount presented on this exhibit.
BHS Rooftop Ductwork	95%	\$0	Construction is in closeout

* % complete represents invoices received versus total expected project cost - this metric will lag actual construction completion

** Capital projects fund balance includes encumbrances.

Unexpended Education (2%) Account Tracking:

500.35.3561.0.54000.01733

	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Uncommitted Balance</u>	
Hubbard Fire Alarm Upgrades*	\$165,500.00	\$164,675.80	\$824.20	\$0.00	Complete
McGee HVAC Unit #1	\$225,000.00	\$8,763.34	\$216,236.66	\$0.00	
TOTAL FY2020 CARRYOVER	\$390,500.00	\$173,439.14	\$217,060.86	\$0.00	
Lighting upgrades in McGee Library/Media Center	\$150,000.00		\$150,000.00	\$0.00	\$150,000 from 2% Fund; Remaining \$38,400 from CNR Fund (Schools capital projects account)
Paving of Willard playground area & sidewalks**	\$146,137.34	\$146,137.34		\$0.00	Complete
Classroom storage (cubbies) at Hubbard	\$59,488.19		\$50,000.00	\$9,488.19	Using \$16,000 from GF Capital (001.3561) to cover higher bid
Removal of retaining walls at McGee entrance	\$25,500.00	\$25,500.00		\$0.00	Complete
Balance of rooftop units at McGee	\$25,000.00		\$25,000.00	\$0.00	Using \$7,193.34 from Schools CNR funds to cover portion of contingency
TOTAL FY2021 CARRYOVER	\$406,125.53	\$171,637.34	\$225,000.00	\$9,488.19	
TOTAL 2% FUND BALANCE	\$796,625.53	\$345,076.48	\$442,060.86	\$9,488.19	

* The remaining FY2019 balance (\$21,557) after completing all identified projects and the balance remaining before FY2019 (\$69) were added to the initial (\$150,000) Hubbard Fire Alarm carryover budget. The remaining balance (\$6,125.53) was moved to the Classroom storage at Hubbard and to clear the \$500 overage in the Removal of retaining wall at McGee.

** The remaining FY21 balance (\$3,862.66) was moved to the Classroom storage at Hubbard.

Risks

Description	Projected - Low	Projected - High	Probability
Transfers from Other Funds (from BHS project fund)	\$200,000	\$300,000	High
School Nurses (responding to COVID)	\$0	\$50,000	High
Legal Fees	\$0	\$100,000	Medium
TOTAL	\$200,000	\$450,000	
Total excluding Pension payouts	\$200,000	\$450,000	
Anticipated American Recoveries Act Grants (50% in FY21 & 50% in FY22):			
Town (FY21 - 50% payment)	\$1,039,296.37		
County (FY21 - 50% payment)	\$1,984,726.71		
	<u>\$3,024,023.08</u>		
FY21 & FY22 Anticipated amount	\$6,048,046.16		
FY22 Budgeted Revenue	<u>(\$700,000.00)</u>		
NET American Recoveries Act Available Revenue	<u>\$5,348,046.16</u>		

Opportunities

Description	Projected - Low	Projected - High	Probability
Supplemental Motor Vehicle Taxes	\$210,000	\$300,000	High
Wages/Fringes (vacancies) - projected based on current headcount/vacancies	\$0	\$500,000	Medium/High
Utilities - large range because of unknown impact of inflation	\$50,000	\$300,000	Medium
TOTAL	\$260,000	\$1,100,000	
Net Projection	\$60,000	\$650,000	
Net Projection (ex Pension Payouts)	\$60,000	\$650,000	